

Message Text

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ORIGIN COME-00

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COM/BIC/OED/MEPD/JMSANDS, DIR.

COM/BIC/OIM (INFO)

STATE/AF/W/DREHFUSS

----- 105903

R 150146Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY DAKAR

INFO AMEMBASSY TEHRAN

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: BEXP, SG, IR

SUBJECT: CAYAR PROJECT: PARSONS-JURDEN/JACOBS

--- PROPOSAL

REF: STATE 286713

1. SINCE THE RETURN OF THE MEPD PROJECT OFFICER FROM FROM DAKAR WE HAVE HAD A NUM0ER OF DISCUSSIONS WITH KINCAID OF PARSONS JURDEN (PJ) TO DETERMINE APPROPRIATE USG ACTION. KINCAID APPRECIATES USG SUPPORT AND IS CONTINUING TO FOLLOW-UP ON RECENT POST REPRESENTATIONS ON PJ/JACOBS BEHALF.

2. AT THIS STAGE PJ/JACOBS ARE CONCERNED ABOUT IRASENCO'S INABILITY TO MAKE DECISION ON THEIR PROPOSAL. KINCAID BELIEVES THIS MAY BE RESULT OF BUREAUCRATIC IN-FIGHTING BETWEEN SENEGALESE AND IRANIANS OVER CONTROL OF THE TWO MAJOR PHASES OF THE CAYAR PROJECT. IT IS LIMITED OFFICIAL USE

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PJ'S/JACOBS'S UNDERSTANDING THAT SENEGALESE ARE

WILLING TO ALLOW IRANIANS TO CONTROL DECISIONS ON REFINERY BUT THEY ARE UNWILLING TO GIVE UP CONTROL OVER PHOSPHATE DEVELOPMENT. THIS CONFLICT HAS MADE

IT DIFFICULT FOR PJ/JACOBS TO ASSESS WHO KEY DECISION MAKERS ARE AS WELL AS THEIR CHANCES OF OBTAINING CONTRACT.

3. IN AN EFFORT TO CLARIFY THIS SITUATION KINCAID INTENDS TO MEET AGAIN WITH IRASENCO MANAGEMENT IN LONDON ON JANUARY 21. THE PRINCIPAL ISSUE KINCAID SEEKS TO CLARIFY IS IRASENCO'S PLANS FOR STRUCTURING PHOSPHATE PROJECT RELATIVE TO PJ/JACOBS PROPOSAL.

4. AS EMBASSY AWARE THE PJ/JACOBS PROPOSAL WILL COVER TECHNICAL SURVEY AND FEASIBILITY STUDY AS WELL AS FOLLOW-ON ENGINEERING AND CONSTRUCTION MANAGEMENT FOR THE PHOSPHATE MINE, PHOSPHATE ENRICHMENT FACILITY, 2 KM RAILROAD, ELECTRIC POWER PLANT, TOWN DEVELOPMENT AND PORT FACILITIES. THIS PROPOSAL IS ADVANTAGEOUS TO IRASENCO IN THAT PJ/JACOBS ACCEPT SINGLE RESPONSIBILITY FOR CONSTRUCTION OF THESE UNITS. IF PROBLEMS ARISE IRASENCO CONTACTS PJ/JACOBS INSTEAD OF NEGOTIATING WITH FOUR OR FIVE DIFFERENT CONTRACTORS TO DETERMINE WHERE FAULT LIES.

5. UNFORTUNATELY PJ/JACOBS HAVE RECEIVED LITTLE FEEDBACK FROM IRASENCO REGARDING WHETHER THEY PREFER THIS APPROACH. THIS HAS MADE IT DIFFICULT FOR PJ/JACOBS TO DETERMINE WHETHER TO AMEND THEIR PROPOSAL OR CONTINUE PURSUING IT AS NOW WRITTEN. (BEGIN FYI: THE PJ/JACOBS PROPOSAL WOULD NOT NECESSARILY EXCLUDE SPECIALIST SUCH AS SOROS ENGINEERING FOR CERTAIN PORTIONS OF THE PROJECT END FYI).

6. ANOTHER AREA ON WHICH KINCAID IS SEEKING FURTHER INFORMATION IS THE DEGREE OF FOREIGN COMPETITION. IT IS OUR UNDERSTANDING THE CANADIANS MAY OFFER A PACKAGE SIMILAR TO THE PJ/JACOBS PROPOSAL BUT WITH THE ADVANTAGE OF ATTRACTIVE FINANCING.
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7. IF KINCAID RECEIVES POSITIVE READING IN LONDON HE INTENDS TO VISIT DAKAR JANUARY 24 THRU JANUARY 28. HE WILL CONTACT COMMERCIAL OFFICER WILSON FOR BRIEFING UPON HIS ARRIVAL.

8. ACTION REQUESTED: WE REQUEST EMBASSY RAISE SUBJECT MATTER OF THIS MESSAGE WITH APPROPRIATE IRASENCO OFFICIALS

IN ORDER TO GIVE GUIDANCE TO WASHINGTON AND PJ/JACOBS
AS TO HOW TO PROCEED. OF PARTICULAR INTEREST IS
IRASENCO'S ATTITUDE TOWARD PJ/JACOBS PROPOSAL AS NOW
STRUCTURED. HAS POST SEEN ANY INDICATION OF THE
PURPORTED CONFLICT BETWEEN IRANIANS AND SENEGALESE.
WE WOULD ALSO APPRECIATE ANY INFORMATION ON SUBSTANCE
OF CANADIAN PROPOSAL PARTICULARLY IN REGARD TO
THEIR OFFER OF FINANCING. FURTHER WHAT IS IRASENCO'S
ATTITUDE TOWARD FINANCIAL PACKAGE OFFERED ON BEHALF
OF PJ/JACOBS BY FIRST NATIONAL CITY BANK. FINALLY
REQUEST EMBASSY CONFIRM WHETHER HIGH RANKING
IRANIAN OFFICIAL IS EXPECTED SHORTLY FOR IRASENCO
GROUND BREAKING CEREMONIES.
KISSINGER

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